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United Nations

Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Programme budget 2012-2013

General Assembly
Official Records
Sixty-sixth Session
Supplement No. 13A

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Programme budget 2012-2013

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Chapter I
Introduction

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established within the United Nations system as a subsidiary organ of the General Assembly by the Assembly in its resolution 302 (IV) of 8 December 1949 and became operational on 1 May 1950. It is one of the largest United Nations programmes, with a population of 4.8 million Palestine refugees covered by its mandate in 2011. As the General Assembly expressed in its resolution 65/100, the Agency has played an essential role for over 60 years since its establishment in providing vital services for the well-being, human development and protection of Palestine refugees and the amelioration of their plight. The General Assembly renews the mandate of the Agency every three years, most recently in its resolution 65/98, when it affirmed the necessity for the continuation of the Agency's work pending the just resolution of the question of the Palestine refugees.

2. The mission of UNRWA is to help Palestine refugees achieve their full potential in human development under the difficult circumstances in which they live, consistent with internationally agreed goals and standards. The Agency fulfils this mission by providing a variety of essential services within the framework of international standards to Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Among United Nations agencies, UNRWA is unique in delivering services directly to beneficiaries. The mandate of the Agency, which derives from the General Assembly and has evolved over time in response to developments in the operational context, extends at present to providing education; health; relief and social services; microfinance and emergency assistance to refugees; infrastructure and improvements within refugee camps; and protection.

A. Context

3. The latest political and security developments in the Middle East are only the most recent pressures on the Agency, further straining its limited resources and therefore its ability to serve approximately 5 million refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Access problems in the West Bank, the continuing blockade of the Gaza Strip, serious financial constraints and security concerns are only some of the difficulties the Agency is faced with on a daily basis. Despite these difficulties, UNRWA, which is seen by many as a stabilizing influence in this volatile region, is doing its utmost to continue providing direct services for Palestine refugees.

4. The core services that UNRWA provides are comparable in nature and scope to those provided by a local or national government. With around 29,000 staff, most of whom are Palestine refugees themselves, UNRWA is one of the largest employers in the Middle East. Over 480,000 children go to Agency schools, run by approximately 22,000 education staff. The Agency's 137 health centres across the region received over 10 million patient visits last year. UNRWA also assists close to 280,000 of the poorest and most vulnerable refugees with additional assistance provided by a reformed society safety net programme targeting the poorest of the poor. Persons with other special needs, such as people with disabilities, also benefit from specialized services in the Agency's health centres. Gender is being mainstreamed

into the core programmes of UNRWA, with the empowerment of women in their communities a key area of focus for the Agency. At present, the challenges in providing those services are daunting

5. In Gaza, the Agency serves a registered population of 1.1 million Palestine refugees, including more than 210,000 students. Although thousands more students are eligible to attend UNRWA schools, they are not able to do so due to the lack of classrooms. The effects of the blockade of and the conflict in the Gaza Strip from December 2008 to January 2009 have devastated the economy and resulted in the need for large-scale reconstruction of refugee housing. As refugee shelters constitute much of the housing stock requiring reconstruction in the Gaza Strip, the responsibility shouldered by UNRWA is made all the more challenging by a lack of funding and difficulties in importing construction materials as a result of the blockade.

6. In the West Bank, despite some improvement, such as the reduction in the number of checkpoints, restrictions of access and movement continue to isolate communities and pose not only political but also logistical challenges. These challenges increase hardships for the refugee population and weaken the Agency's ability to provide services in a cost-effective manner in the affected areas.

7. In Lebanon, UNRWA remains the main provider of services to a marginalized Palestine refugee community that is faced with high levels of poverty and limited opportunities to escape such poverty. In Lebanon, the formation of a new government in early 2011 raised hopes for progress on a range of issues of concern to UNRWA and the refugees. Among the areas of concern was legislation granting refugees access to a range of professions, which is yet to be implemented. The Agency's inability to provide what refugees perceive to be an inadequate subsidy to enable them to access tertiary care for life-threatening illnesses has resulted in unrest in refugee camps and direct threats to the safety of front-line Agency staff.

8. In Jordan, where the refugee situation remains stable, the Government has responded to popular demands with a range of measures, among them salary increases for public sector employees. The implications are discussed below (see paras. 12 and 13). The Syrian Arab Republic, traditionally a stable area of operation, has seen violent unrest erupt in 2011, posing a challenge to UNRWA activities in this field.

9. The direct services provided by the Agency are critical for the well-being of Palestine refugees throughout the region. If the financial situation of UNRWA does not improve, the impact on its beneficiaries will be immediate and substantial. The lack of adequate resources has already eroded the quality of UNRWA programmes. While extrabudgetary contributions to the Agency have risen gradually over the years, they have not kept pace with a growing population and rising costs.

B. Planning assumptions

10. UNRWA fully recognizes that central to its commitment to address the needs of beneficiaries and address financial difficulties is a need for it to make substantial improvements to the way in which it operates.

11. Following the landmark June 2004 Geneva conference, in 2006 UNRWA began its most ambitious reform process to date entitled "organizational development". This reform process, which concluded in 2009, introduced far-reaching changes in the

Agency's management systems and planning frameworks. Building on the organizational development plan, UNRWA continued its reforms with the development of a plan known as "sustaining change". Its outline was finalized in May 2011 and presented to the Agency's Advisory Commission in its session in late June 2011. The plan aims to complete the envisaged institutional transformation of the Agency over the next two bienniums. Where the organizational development plan started revitalization of the UNRWA management, sustaining change aims at invigorating its programmes, ensuring equality and effectiveness are improved where they are needed most, at the point of delivery in overcrowded schools, clinics and camp service centres. The plan also prioritizes the enhancement of the Agency's resource mobilization capacity. As a result of organizational development and with the progress made under the sustaining change plan, the Agency has introduced a longer-term strategic focus, for example, through a medium-term strategy for the period 2010-2015, that is supported by a robust results-based planning system. Monitoring and evaluation capacities are being developed further, and the Agency is also integrating into its planning cross-cutting issues that are central to United Nations system-wide development and humanitarian work, such as gender, disabilities and protection. The Agency has also delegated greater authority to management in the field in order to enhance efficiencies, while at the same time seeking to ensure that UNRWA headquarters provides the support required to uphold relevant standards Agency-wide, good practices in terms of programme planning and evaluation, and accountability for results. In addition, the Agency's procurement rules have been overhauled, bringing them closer to the standards used throughout the United Nations system. The Agency's human resources processes have also been overhauled, with a focus on improving recruitment processes and workforce management which is so important for an Agency of approximately 29,000 staff members who are critical for the delivery of quality services to millions of beneficiaries.

12. Staff costs constitute the bulk of the UNRWA budget (see table 4). This is because the day-to-day direct delivery of services requires a large number of staff (some 29,000). Efforts to maintain parity with host authorities' public sector salaries render the Agency's financial sustainability susceptible to economic volatility. As an example, during 2011, public sector salary increases in the Syrian Arab Republic and Jordan resulted in an additional cost of around $8.5 million per annum to UNRWA.

13. Host governments face an increasing demand for quality services while their own financial situation is deteriorating; in some cases this puts additional pressure on UNRWA services, when some Palestine refugees availing themselves of host government services return to UNRWA. At the same time, donors expect improved efficiency, effectiveness and quality of service delivery. UNRWA therefore is faced with increasing demands and expectations from all of its primary stakeholders, with a constrained resource base and increasing operational costs.

C. Budget structure

14. The budget structure of UNRWA reflects the medium-term strategy for the period 2010-2015 and is based on the implementation plans prepared for each field office and headquarters department for the second biennium of the strategy. The chapters that follow and the expected accomplishments, indicators of achievement

and measurements set out therein reflect the ongoing commitment of UNRWA to results-based budgeting, as introduced during the biennium 2010-2011.

15. The medium-term strategy identifies four human development goals for Palestine refugees, namely, to:

(a) Have a long and healthy life;

(b) Acquire knowledge and skills;

(c) Have a decent standard of living;

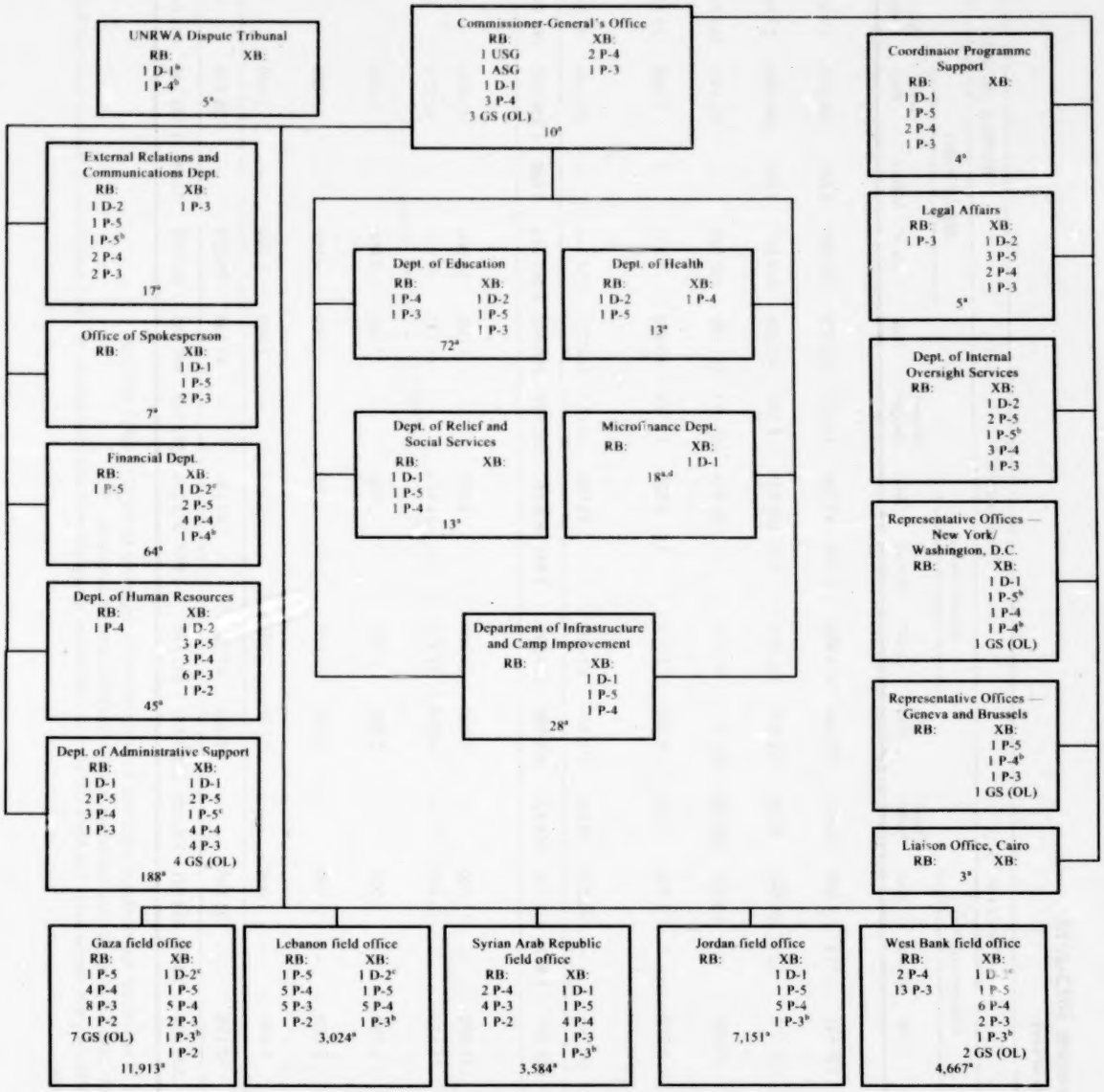
(d) Enjoy human rights to the fullest extent possible.

16. In order to link financial resources directly to the achievement of results consistent with the Agency's strategy, the budget includes a breakdown by goals and strategic objectives, as illustrated in the following tables and figures:

organizational chart of UNRWA broken down by department and area of operation and showing the number of international and area staff located in each department (figure I); summary of the programme budget for 2012-2013 broken down by human development goal, regular budget, project budget and other requirements (table 1); breakdown of the regular budget by field office with comparative figures for the bienniums 2008-2009, 2010-2011 and 2012-2013 (table 2 and figure II); breakdown of the regular budget by human development goal with comparative figures for the bienniums 2008-2009, 2010-2011 and 2012-2013 (table 3 and figure III); breakdown of the regular budget by category of expenditure with comparative figures for the bienniums 2008-2009, 2010-2011 and 2012-2013 (table 4 and figure IV); breakdown of the project budget by human development goal and field office (table 5).

Figure I

United Nations Relief and Works Agency for Palestine Refugees in the Near East
Organizational structure and post distribution for the biennium 2012-2013


UNRWA Dispute Tribunal
RB: 1 D-1[b], 1 P-4[b]
XB:
5[a]
Commissioner-General's Office
RB: 1 USG, 1 ASG, 1 D-1, 3 P-4, 3 GS (OL)
XB: 2 P-4, 1 P-3
10[a]
Coordinator Programme Support
RB: 1 D-1, 1 P-5, 2 P-4, 1 P-3
XB:
4[a]
External Relations and Communications Dept.
RB: 1 D-2, 1 P-5, 1 P-5[b], 2 P-4, 2 P-3
XB: 1 P-3
17[a]
Dept. of Education
RB: 1 P-4, 1 P-3
XB: 1 D-2, 1 P-5, 1 P-3
72[a]
Dept. of Health
RB: 1 D-2, 1 P-5
XB: 1 P-4
13[a]
Legal Affairs
RB: 1 P-3
XB: 1 D-2, 3 P-5, 2 P-4, 1 P-3
5[a]
Office of Spokesperson
RB:
XB: 1 D-1, 1 P-5, 2 P-3
7[a]
Dept. of Relief and Social Services
RB: 1 D-1, 1 P-5, 1 P-4
XB:
13[a]
Microfinance Dept.
RB:
XB: 1 D-1
18[a,d]
Dept. of Internal Oversight Services
RB:
XB: 1 D-2, 2 P-5, 1 P-5[b], 3 P-4, 1 P-3
Financial Dept.
RB: 1 P-5
XB: 1 D-2[c], 2 P-5, 4 P-4, 1 P-4[b]
64[a]
Representative Offices — New York/ Washington, D.C.
RB:
XB: 1 D-1, 1 P-5[b], 1 P-4, 1 P-4[b], 1 GS (OL)
Department of Infrastructure and Camp Improvement
RB:
XB: 1 D-1, 1 P-5, 1 P-4
28[a]
Dept. of Human Resources
RB: 1 P-4
XB: 1 D-2, 3 P-5, 3 P-4, 6 P-3, 1 P-2
45[a]
Representative Offices — Geneva and Brussels
RB:
XB: 1 P-5, 1 P-4[b], 1 P-3, 1 GS (OL)
Dept. of Administrative Support
RB: 1 D-1, 2 P-5, 3 P-4, 1 P-3
XB: 1 D-1, 2 P-5, 1 P-5[c], 4 P-4, 4 P-3, 4 GS (OL)
188[a]
Liaison Office, Cairo
RB:
XB:
3[a]
Gaza field office
RB: 1 P-5, 4 P-4, 8 P-3, 1 P-2, 7 GS (OL)
XB: 1 D-2[c], 1 P-5, 5 P-4, 2 P-3, 1 P-3[b], 1 P-2
11,913[a]
Lebanon field office
RB: 1 P-5, 5 P-4, 5 P-3, 1 P-2
XB: 1 D-2[c], 1 P-5, 5 P-4, 1 P-3[b]
3,024[a]
Syrian Arab Republic field office
RB: 2 P-4, 4 P-3, 1 P-2
XB: 1 D-1, 1 P-5, 4 P-4, 1 P-3, 1 P-3[b]
3,584[a]
Jordan field office
RB:
XB: 1 D-1, 1 P-5, 5 P-4, 1 P-3[b]
7,151[a]
West Bank field office
RB: 2 P-4, 13 P-3
XB: 1 D-2[c], 1 P-5, 6 P-4, 2 P-3, 1 P-3[b], 2 GS (OL)
4,667[a]

Note: Seventy-five international posts are funded through extrabudgetary resources.

Abbreviations: USG, Under-Secretary-General; ASG, Assistant Secretary-General; XB, extrabudgetary; RB, regular budget; GS, General Service; OL, Other level.

[a] Local posts.

[b] New post.

[c] Reclassified post.

[d] Number of Microfinance and Microenterprise Department posts was excluded from table 7.

Table 1

Budget for the biennium 2012-2013

(Thousands of United States dollars)

	Fiscal year 2012					*Fiscal year 2013*					*Biennium 2012-2013*				
	Regular budget					*Regular budget*					*Regular budget*				
Human development goal	*Cash*[a]	*In kind*	*Total*	*Project budget*	*Total*	*Cash*[a]	*In kind*	*Total*	*Project budget*	*Total*	*Cash*[a]	*In kind*	*Total*	*Project budget*	*Total*
A Long and Healthy Life	116 513	1 313	117 826	14 673	132 499	116 496	1 320	117 816	14 673	132 489	233 009	2 633	235 642	29 346	264 988
Acquired Knowledge and Skills	327 572	523	328 095	8 581	336 676	336 315	530	336 845	8 581	345 426	663 887	1 053	664 940	17 162	682 102
A Decent Standard of Living	82 889	—	82 889	302 288	385 177	86 076	—	86 076	265 673	351 749	168 965	—	168 965	567 961	736 926
Human Rights Enjoyed to the Fullest	3 719	1	3 720	12 765	16 485	3 519	1	3 520	12 765	16 285	7 238	2	7 240	25 530	32 770
Effective and efficient governance and support in UNRWA	90 246	—	90 246	20 623	110 869	83 900	—	83 900	20 623	104 523	174 146	—	174 146	41 246	215 392
Subtotal	**620 939**	**1 837**	**622 776**	**358 930**	**981 706**	**626 306**	**1 851**	**628 157**	**322 315**	**950 472**	**1 247 245**	**3 688**	**1 250 933**	**681 245**	**1 932 178**
Other requirements															
Contingency reserve[b]	11 000	—	11 000	—	11 000	11 000	—	11 000	—	11 000	22 000	—	22 000	—	22 000
Salary increase reserve	16 135	—	16 135	—	16 135	31 135	—	31 135	—	31 135	47 270	—	47 270	—	47 270
Separation benefits reserve	2 000	—	2 000	—	2 000	2 000	—	2 000	—	2 000	4 000	—	4 000	—	4 000
New enterprise resource planning reserve	2 000	—	2 000	—	2 000	2 000	—	2 000	—	2 000	4 000	—	4 000	—	4 000
Capitalization and depreciation reserve[c]	1 000	—	1 000	—	1 000	1 000	—	1 000	—	1 000	2 000	—	2 000	—	2 000
Subtotal	**32 135**	**—**	**32 135**	**—**	**32 135**	**47 135**	**—**	**47 135**	**—**	**47 135**	**79 270**	**—**	**79 270**	**—**	**79 270**
Total	**653 074**	**1 837**	**654 911**	**358 930**	**1 013 841**	**673 441**	**1 851**	**675 292**	**322 315**	**997 607**	**1 326 515**	**3 688**	**1 330 203**	**681 245**	**2 011 448**

[a] Includes the cost of 13 additional international posts and 5 reclassifications requested in the 2012-2013 fascicle.

[b] Includes reserves for: cash for food, foreign exchange, annual leave and general purposes.

[c] A reserve for capitalization and depreciation has been included as a provision to comply with requirements for the implementation of the International Public Sector Accounting Standards.

Table 2

Regular budget requirements by field office

(Cash and in kind, thousands of United States dollars)

Field office headquarters	*2008 expenditure*	*2009 expenditure*	*2010 expenditure*	*2011 budget*	*2012 estimate*[a]	*2013 estimate*[a]	*Resource growth*[d] *Amount*	*Resource growth*[d] *Percentage*
Gaza Strip	183 994	179 864	213 600	205 995	214 905	216 106	11 416	2.72
Lebanon	61 929	72 492	75 360	74 714	78 869	79 533	8 328	5.55
Syrian Arab Republic	44 194	45 861	48 640	54 226	56 339	57 383	10 856	10.55
Jordan	105 866	104 671	116 902	116 697	123 182	124 541	14 124	6.05
West Bank	83 102	82 229	96 658	96 617	103 269	103 868	13 862	7.17
Headquarters								
Education programme	2 707	2 406	2 887	3 247	2 915	2 925	(294)	(4.79)
Health programme	717	1 043	1 114	1 283	1 236	1 245	84	3.50
Relief and social services programme	873	914	1 209	1 272	1 172	1 181	(128)	(5.16)
Infrastructure and camp improvement programme	1 158	1 728	1 415	1 881	2 345	1 949	9 998	30.28
Support departments	23 718	22 351	28 865	36 425	38 544	39 426	12 680	19.42
Subtotal	**508 258**	**513 559**	**586 650**	**592 357**	**622 776**	**628 157**	**71 926**	**6.10**
Other requirements								
Contingency reserve[b,a]	—	—	—	2 809	11 000	11 000	19 191	683.20
Salary increase reserve[b]	—	—	—	24 500	16 135	31 135	22 770	92.94
Separation benefits reserve[b]	—	—	—	5 078	2 000	2 000	(1 078)	(21.23)
New enterprise resource planning reserve[b]	—	—	—	—	2 000	2 000	4 000	—
Capitalization and depreciation reserve[b,e]	(2 284)	(1 028)	(1 656)	—	1 000	1 000	3 656	(220.77)
Subtotal	**(2 284)**	**(1 028)**	**(1 656)**	**32 387**	**32 135**	**47 135**	**48 539**	**—**
Total	**505 974**	**512 531**	**584 994**	**624 744**	**654 911**	**675 292**	**120 465**	**9.96**

[a] Includes the cost of 13 additional international posts and 5 reclassifications requested in the 2012-2013 fascicle.

[b] Comparative figures for 2008-2010 are incorporated into the respective field office and headquarters expenditure.

[c] Includes reserves for: cash for food, foreign exchange, annual leave and general purposes.

[d] Resource growth: comparison between two bienniums.

[e] A reserve for capitalization and depreciation has been included as a provision to comply with requirements for the implementation of the International Public Sector Accounting Standards.

Figure II
Regular budget by field office

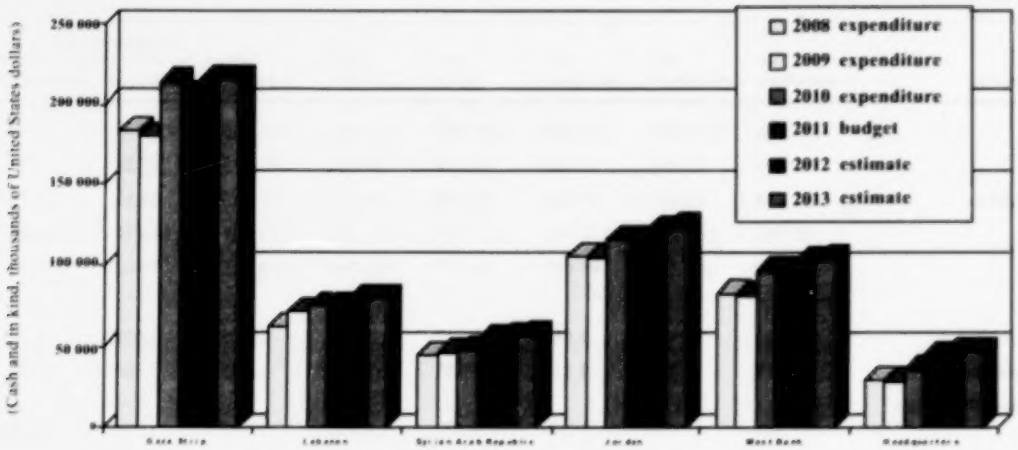


Table 3
Regular budget requirements by human development goal
(Cash and in kind, thousands of United States dollars)

Human development goal	*2008 expenditure*	*2009 expenditure*	*2010 expenditure*	*2011 budget*	*2012 estimate*[a]	*2013 estimate*[b]	*Resource growth*[c] *Amount*	*Percentage*
A Long and Healthy Life	89 001	89 735	107 770	116 302	117 826	117 816	15 023	6.81
Acquired Knowledge and Skills	277 713	281 851	313 679	299 571	328 095	336 845	51 975	8.48
A Decent Standard of Living	68 344	63 932	73 387	72 260	82 889	86 076	44 173	35.40
Human Rights Enjoyed to the Fullest	4 279	4 223	3 875	4 598	3 720	3 520	(1 233)	(14.55)
Effective and efficient governance and support in UNRWA	68 921	73 818	87 938	99 626	90 246	83 900	(38 012)	—
Subtotal	**508 258**	**513 559**	**586 649**	**592 357**	**622 776**	**628 157**	**71 926**	**6.10**
Other requirements								
Contingency reserve[b,c]	—	—	—	2 809	11 000	11 000	19 191	683.20
Salary increase reserve[b]	—	—	—	24 500	16 135	31 135	22 770	92.94
Separation benefits reserve[b]	—	—	—	5 078	2 000	2 000	(1 078)	(21.23)
New enterprise resource planning reserve[b]	—	—	—	—	2 000	2 000	4 000	—
Capitalization and depreciation reserve[b,c]	(2 284)	(1 028)	(1 656)	—	1 000	1 000	3 656	(220.77)
Subtotal	**(2 284)**	**(1 028)**	**(1 656)**	**32 387**	**32 135**	**47 135**	**48 539**	**157.95**
Total	**505 974**	**512 531**	**584 993**	**624 744**	**654 911**	**675 292**	**120 465**	**9.96**

(Footnotes on following page)

(Footnotes to table 3)

[a] Includes the cost of 13 additional international posts and 5 reclassifications requested in the 2012-2013 fascicle.
[b] Comparative figures for 2008-2010 are incorporated into the respective field office and headquarters expenditure.
[c] Includes reserves for: cash for food, foreign exchange, annual leave and general purposes.
[d] Resource growth: comparison between two bienniums.
[e] A reserve for capitalization and depreciation has been included as a provision to comply with requirements for the implementation of the International Public Sector Accounting Standards.

Figure III
Regular budget by human development goal

Table 4
Regular budget requirements by category of expenditure
(Cash and in kind, thousands of United States dollars)

Category of expenditure	*2008 expenditure*	*2009 expenditure*	*2010 expenditure*	*2011 budget*	*2012 estimate*[a]	*2013 estimate*[a]	*Resource growth*[d] *Amount*	*Resource growth*[d] *Percentage*
International staff costs	20 525	22 611	26 648	32 587	30 460	30 843	2 068	3.49
Area staff costs	379 354	372 734	429 053	424 676	451 516	471 662	69 449	8.13
Services	25 860	26 957	34 360	42 264	41 600	38 717	3 693	4.82
Supplies	50 464	59 091	59 872	59 195	67 288	65 184	13 405	11.26
Equipment and construction	5 978	8 186	12 926	12 294	15 060	12 505	2 345	9.30
Premises	8 377	8 165	9 713	14 170	16 491	15 258	7 866	32.94
Grants and subsidies	22 258	17 090	18 567	14 480	21 366	20 825	9 144	27.67
Field reserve	—	—	—	(4 457)	1 282	837	6 576	—

Category of expenditure	*2008 expenditure*	*2009 expenditure*	*2010 expenditure*	*2011 budget*	*2012 estimate*[a]	*2013 estimate*[a]	*Resource growth*[d] *Amount*	*Percentage*
Cost recovery	(4 558)	(1 275)	(4 489)	(2 852)	(22 287)	(27 674)	—	—
Subtotal	**508 258**	**513 559**	**586 650**	**592 357**	**622 776**	**628 157**	**71 926**	**6.10**
Other requirements								
Contingency reserve[b,c]	—	—	—	2 809	11 000	11 000	19 191	683.20
Salary increase reserve[b]	—	—	—	24 500	16 135	31 135	22 770	92.94
Separation benefits reserve[b]	—	—	—	5 078	2 000	2 000	(1 078)	(21.23)
New enterprise resource planning reserve[b]	—	—	—	—	2 000	2 000	4 000	—
Capitalization and depreciation reserve[b,e]	(2 284)	(1 028)	(1 656)	—	1 000	1 000	3 656	(220.77)
Subtotal	**(2 284)**	**(1 028)**	**(1 656)**	**32 387**	**32 135**	**47 135**	**48 539**	**157.95**
Total	**505 974**	**512 531**	**584 994**	**624 744**	**654 911**	**675 292**	**120 465**	**9.96**

[a] Includes the cost of 13 additional international posts and 5 reclassifications requested in the 2012-2013 fascicle.
[b] Comparative figures for 2008-2010 are incorporated into the respective field office and headquarters expenditure.
[c] Includes reserves for: cash for food, foreign exchange, annual leave and general purposes.
[d] Resource growth: comparison between two bienniums.
[e] A reserve for capitalization and depreciation has been included as a provision to comply with requirements for the implementation of the International Public Sector Accounting Standards.

Figure IV
Regular budget by category of expenditure

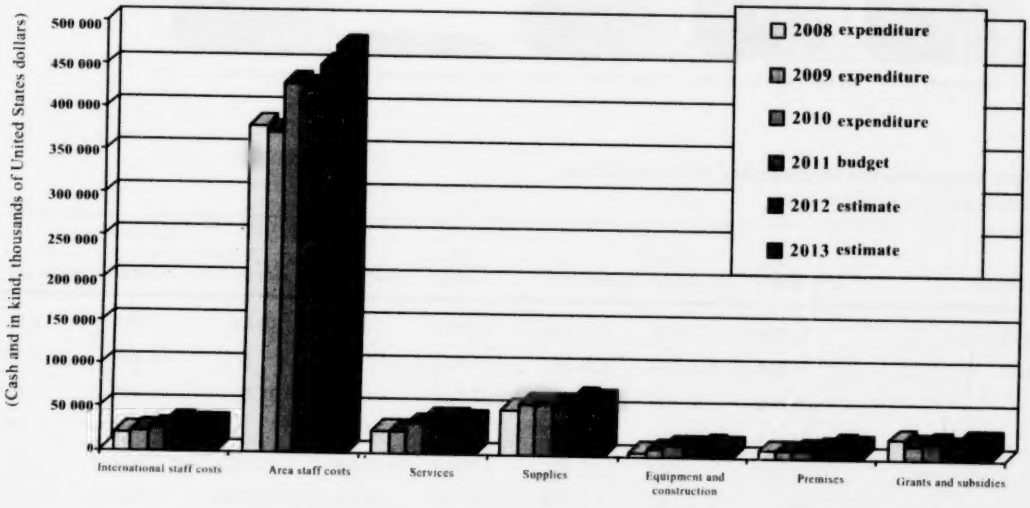


Table 5
Project budget by human development goal and field office

Human development goal	*Gaza Strip*[a]	*Lebanon*[b]	*Syrian Arab Republic*	*Jordan*	*West Bank*	*Headquarters*	*Total*
A Long and Healthy Life	13 198	14 563	—	—	—	1 585	29 346
Acquired Knowledge and Skills	—	—	2 814	14 348	—	—	17 162
A Decent Standard of Living	402 485	155 940	—	2 005	6 599	932	567 961
Human Rights Enjoyed to the Fullest	25 530	—	—	—	—	—	25 530
Effective and efficient governance and support in UNRWA[c]	—	—	—	—	—	41 246	41 246
Total	**441 213**	**170 503**	**2 814**	**16 353**	**6 599**	**43 763**	**681 245**

[a] The Gaza Strip project budget includes $400 million related to reconstruction.
[b] The Lebanon field office project budget includes $115 million for the Nahr El-Bared camp during 2012-2013. The total funding requirement to finish the entire project is $207 million.
[c] The $41.2 million under effect and efficient governance and support in UNRWA includes $26 million for enterprise resource planning and $15 million for the sustaining change initiative related to reforms in education and health and formation of the Department of External Relations and Communications.

D. Staff

17. In order to deliver its core programmes and projects, the Agency employs international and area staff.

18. Through its resolution 3331 B (XXIX) of 17 December 1974, the General Assembly decided that the expenses for salaries of international staff in the service of UNRWA, which would otherwise be a charged to voluntary contributions, should, with effect from 1 January 1975, be financed from the regular budget of the United Nations for the duration of the Agency's mandate. During the biennium 2010-2011, the posts of 133 international staff were funded from the regular budget.

19. In addition to the approved 133 international staff posts, 13 new posts (1 D-1, 3 P-5, 4 P-4, 5 P-3), plus five reclassifications (4 D-1 to D-2, 1 P-4 to P-5), have been recommended by the Controller for inclusion in the proposed programme budget for 2012-2013. The establishment of the new international staff posts would serve to meet the increased demands on the Agency stemming from the General Assembly's United Nations-wide initiatives to follow key best practice policies and initiatives, including the implementation of the International Public Sector Accounting Standards, internal justice reform, security management system standards and policies, such as the minimum operational security standards, and gender mainstreaming.

20. Apart from the above, 75 international staff posts are funded from the regular budget (see table 6). A total of 69 posts are funded from project funds; two posts are funded by the United Nations Educational, Scientific and Cultural Organization (UNESCO); two posts are funded by the World Health Organization (WHO); one

post is funded by the Microfinance Department through its programme income; and one post is covered by the Agency's Provident Fund.

Table 6
International staffing requirements for the biennium 2012-2013

Category	*Regular budget*[a]	*Other sources*
Professional and above		
USG	1	—
ASG	1	—
D-2	8	2
D-1	10	2
P-5	27	7
P-4/P-3	86	54
P-2/P-1	2	3
Subtotal	**135**	**68**
General Service		
Other level	11	7
Subtotal	**11**	**7**
Total	**146**	**75**

[a] Included in the regular budget column are the proposed 13 additional international posts and 5 reclassifications of approved posts.

21. The core programmes of UNRWA are otherwise delivered primarily through 29,763 local staff as at 30 June 2011, the number of which will need to increase to over 30,823 by the end of 2013 if the Agency is to realize the achievements set out in this budget proposal (see table 7).

Table 7
Estimated number of local staff as at 31 December 2013 by human development goal

Goal	*Gaza*	*Lebanon*	*Syrian Arab Republic*	*Jordan*	*West Bank*	*Headquarters*	*Total*
A Long and Healthy Life	1 439	592	412	1 065	850	22	4 380
Acquired Knowledge and Skills	9 329	1 840	2 552	5 251	2 854	80	21 906
A Decent Standard of Living	560	229	167	351	417	19	1 743
Human Rights Enjoyed to the Fullest	48	16	63	42	37	5	211
Effective and efficient governance and support in UNRWA	537	347	390	442	509	358	2 583
Total	**11 913**	**3 024**	**3 584**	**7 151**	**4 667**	**484**	**30 823**

E. Financial situation

22. With the exception of international staff posts funded from the regular budget through assessed contributions and posts provided by other United Nations agencies, the ongoing operations, projects and emergency appeals of UNRWA are funded by voluntary contributions of donors.

23. Table 8 shows the funding status of the Agency's budget for 2010, including activities funded through both unearmarked contributions to the regular budget and earmarked contributions.

24. The financial results for the fiscal year 2010 clearly illustrate the funding shortfalls experienced by the Agency in its efforts to implement its mandate. The funding gap for the regular budget funded through unearmarked voluntary contributions amounted to $47.3 million, whereas the projects budget experienced a shortfall of $204.9 million.

Table 8
Funding status of the Agency — 2010
(Millions of United States dollars)

	Regular budget			
	Budgeted activities	*Unbudgeted activities*	*Projects*	*Emergency appeal*
Budget	601.9		262.0	323.3[a]
Contributions and income	554.6[b]	50.6[c]	57.1	162.0
Funding gap	**(47.3)**	**—**	**(204.9)**	**(161.3)**

[a] Represents the amount requested in the 2010 emergency appeal.
[b] Includes cash and in kind income.
[c] Represents income earmarked for activities that were not included under the published programme budget for 2010 (for example, food aid (cash subsidies) for SHC) in the occupied Palestinian territory, reimbursement to UNRWA for losses in respect of incidents in the Gaza Strip between 27 December 2008 and 19 January 2009, organizational development — phase II and enterprise resource planning.

25. The 2010 emergency appeal in the occupied Palestinian territory was underfunded by $161.3 million.

26. Current projections of income and expenditure for 2011, shown in table 9, indicate a funding gap for the regular budget of $104.5 million when comparing the budgeted expenditure of $624.7 million with total expected income (based on indicative estimates from donors and estimated interest income) of $520.2 million to the General Fund — the mechanism of unearmarked, voluntary contributions for the Agency's cash and in kind requirements. Without additional contributions, the Agency will not be in a position to fully implement its budgeted activities. The 2011 Emergency Appeal in the occupied Palestinian territory was underfunded by $205.9 million, whereas the shortfall forecast of the projects budget is $153.

Table 9
Expected funding status of the Agency — 2011
(Millions of United States dollars)

	Regular budget	*Projects*	*Emergency appeal*
Budget	624.7	228.8	342.6
Projected income[a]	520.2	75.8	136.7
Funding gap	**(104.5)**	**(153.0)**	**(205.9)**

[a] As end of year forecast and confirmed pledges by the end of June 2011.

27. Current projections of income and expenditure for 2012, shown in table 10, do not look promising. If these projections prove to be correct, the funding gap will widen further to $133.2 million (based on indicative estimates from donors as well as forecasted programme support cost recoveries).

Table 10
Expected funding gap — 2012

	Regular budget
Budget	654.9
Projected income	521.7
Funding gap	**(133.2)**

28. Income projections by donor for 2011 and 2012 appear in table 11 below.

Table 11
Income projections for the General Fund — 2011 and 2012
(Thousands of United States dollars)

Donor	*Projected income 2011*	*Income forecast 2012*	*Donor*	*Projected income[a] 2011*	*Income forecast 2012*
Australia	6 300	6 300	**Subtotal b/f**	**215 700**	**215 100**
Bahrain	100	100	Saudi Arabia	5 200	2 000
Belgium	4 300	1 400	Spain	14 300	12 600
Canada	0	—	Sweden	43 900	43 600
Denmark	12 800	13 400	Switzerland	10 500	12 000
Egypt	100	100	Turkey	1 000	1 000
EU	115 100	114 400	UAE	1 800	1 800
Finland	4200	4 300	UK	31 900	47 900
France	6 700	6 400	UK (Performance Increment)	5 400	—
Germany	8 700	9 000	USA	114 600	114 600
Ireland	5 700	5 700	Non-Advisory Commission	13 600	13 600
Italy	2 900	2 900	NGOs	1 900	3 800

Donor	*Projected income 2011*	*Income forecast 2012*	*Donor*	*Projected income[a] 2011*	*Income forecast 2012*
Japan	2 900	2 900	In kind	3 500	1 900
Kuwait	2 000	2 000	Interest	2 118	3 000
Netherlands	18 600	18 600			
Norway	25 200	27 500	PSC recoveries	24 000	20 000
Qatar	100	100	International staff funded by New York	30 782	28 803
Subtotal c/f	**215 700**	**215 100**	**Total**	**520 200**	**521 703**

[a] As end of year forecast and confirmed pledges by the end of June 2011.

29. UNRWA is operating in a financial situation where the disparity between the budget and income and expenditure has become chronic. The Agency has renewed its commitment to developing its resource mobilization capacity in a number of key areas, including:

(a) Merging the former Department of External Relations with the former headquarters Public Information Office to create the Department of External Relations and Communications;

(b) Developing a partnership strategy and establishing a Partnerships Division within the Department of External Relations and Communications;

(c) Establishing a new representative office in Washington, D.C.;

(d) Strengthening the existing representative office in Brussels;

(e) Reaffirming the central role of the Department of External Relations and Communications as the focal point for resource mobilization in the Agency;

(f) Appointing a senior Director of the Department of External Relations and Communications to lead the development of a new strategy supported by enhanced internal alignment.

30. The new resource mobilization strategy of UNRWA assumes that it will be possible to increase overall income from all sectors of the market, but recognizes that it will not be possible to dramatically alter present trajectories. It acknowledges that targets for the General Fund in the coming years are challenging but assumes that these can be reached given some movement to reduce outlays. While noting the generous support of Arab donors for UNRWA projects, the Agency continues to reach out to them to provide additional contributions to the General Fund. Relative dependence on traditional donors can be reduced further, but levels of funding from these sources will have to continue to increase. In order to further resource mobilization successfully, investments are needed that also address communication components.

31. The strategy presents three strategic objectives:

(a) Deepen the partnership with traditional donors, resulting in:

- Predictable General Fund contributions that grow in line with expenditure projections

- Adequate response to emergencies and to field-specific needs
- Partnership on outreach and resource mobilization;

(b) Diversify the donor base, resulting in:

- Emerging economies increasing their share of the General Fund
- Non-traditional (European Union) donors increasing contributions across funding portals
- Higher Arab contributions across funding portals
- Private and corporate donations increasing substantially
- Partnerships and collaborative action bringing financial and non-financial gains to the Agency;

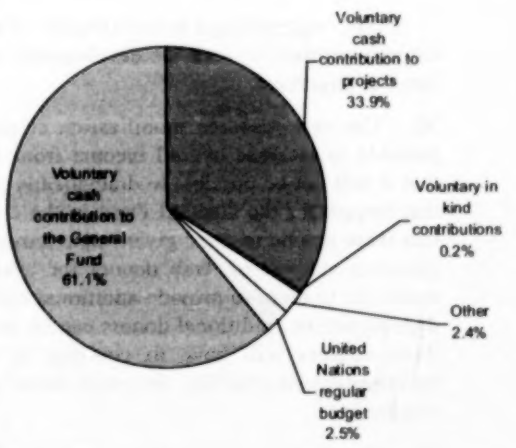
(c) Develop the capacity of the Agency to mobilize resources and manage donor relations:

- Headquarters and fields offices are strategically aligned around the corporate resource mobilization priorities of UNRWA
- Synergies between communications and donor relations are fully utilized.

32. Figure V shows the expected sources of funding of the Agency's total budget volume for 2012 and 2013, including both the regular and projects budgets.

Figure V
Budget funding — 2012-2013
(Thousands of United States dollars)

Voluntary cash contribution to the General Fund	1 228 063
Voluntary cash contribution to projects	681 245
Voluntary in kind contributions to the General Fund	3 688
United Nations regular budget	50 346
Other	48 106
Total	**2 011 448**


Voluntary cash contribution to projects 33.9%
Voluntary in kind contributions 0.2%
Other 2.4%
United Nations regular budget 2.5%
Voluntary cash contribution to the General Fund 61.1%

33. Voluntary contributions will be requested to cover about 95 per cent of total budget volume for 2012-2013, of which 64.2 per cent are cash contributions to the

General Fund, 35.6 per cent cash receipts to fund projects, and about 0.2 per cent constitutes in kind contributions to the General Fund.

34. The funding of 133 approved international posts, the proposed 13 additional posts and 5 proposed reclassifications funded from the regular budget accounts for about 2.5 per cent of the annual total budget volume. The remaining 2.4 per cent of other income is derived from the following sources:

(a) Interest income and miscellaneous income, including programme support costs in the range of $23 million per annum;

(b) Funding of six staff posts (2 international and 4 local staff) by UNESCO and four posts (2 international and 2 local staff) by WHO as part of their technical assistance to the education and health programmes, respectively.

35. If donor contributions continue to fall behind the levels required to finance rising levels of service delivery requirements, the resulting constraints on the Agency's capacity will continue to undermine the human development standards of the refugees and put additional pressure on the host authorities.

36. UNRWA recognizes that the resource scarcity resulting from the current global economic climate, increasing needs resulting from population growth and inflationary pressures require that the Agency prioritize services and activities within and among its main programmes. The budget therefore encompasses funding for only an identified set of core activities fundamental in meeting the basic needs of the refugees. The resources required to do so are necessary for the Agency to fulfil the essence of its mandate.

Chapter II

Goal 1: a long and healthy life

A. Human Development goal

37. The UNRWA health programme enables Palestine refugees to achieve a long and healthy life through the provision of comprehensive primary health-care services and through working with communities to promote healthy lifestyles.

B. Objectives

38. The objectives of the programme are:

(a) Universal access to quality, comprehensive. primary health care;

(b) Sustained protection and promotion of family health;

(c) Ensured prevention and control of diseases.

C. Constraints and challenges

39. The UNRWA health programme has delivered comprehensive, primary health-care services to Palestine refugees for over 60 years, achieving some remarkable gains, particularly in the fields of maternal and child health. However, the context in which the health programme operates is changing, bringing a range of new challenges.

40. Ageing populations, as well as changes in lifestyle, have resulted in increases in the prevalence of non-communicable diseases among Palestine refugees, in keeping with similar trends observed globally. Non-communicable diseases include hypertension, diabetes, obesity, smoking-related lung disease and cancers. These diseases usually require lifelong care and are treated with medicines that are often expensive. As a result of budget constraints, UNRWA is at present unable to provide the cholesterol-lowering medicines that are essential in the management of a high proportion of patients with non-communicable diseases. The complications of such diseases may be severe enough to require hospitalization and may result in disability. Management of this increasing burden of chronic diseases thus has substantial resource implications for staffing, medicines and hospital care. Furthermore, significant efforts will have to be made in working with communities to address lifestyle-related risk factors, which are key to preventing and controlling non-communicable diseases. Resources are needed to develop effective communication campaigns and to build the capacity of community support organizations.

41. Costs of health care continue to rise in the Agency's fields of operation, as is the case in countries worldwide. UNRWA has faced substantial increases in the costs of medicines and hospitalization fees in recent years. Furthermore, deepening poverty may cause refugees who previously used private service providers to start using UNRWA services, creating an additional burden for the Agency's health services. Another concern is that policy changes in host countries may affect the access of refugees to Ministry of Health facilities, making them even more reliant

on UNRWA services. The years ahead are therefore likely to see an increase in demand for the Agency's health services, while available resources may not increase at the same pace.

42. Escalating demand for services and the increasing need for lifelong care of chronic diseases have necessitated UNRWA to seek new ways of delivering health services in order to ensure quality of care for the future. The recently introduced family health team approach promotes comprehensive care for the whole family, focusing on continuity of care and on building relationships among health-care providers, patients, families and communities. This approach represents a modernization of primary health care, in keeping with regional and global trends, and requires an investment in systems development and staff capacity that will result in high quality, efficient health services that are able to respond to future health needs.

43. Long-term care of high numbers of patients with non-communicable diseases, who often have complex case management needs, requires a well functioning patient record system. Furthermore, the resource implications associated with high numbers of patients on costly medications requires adequate health management information systems to monitor the efficiency of care. Current UNRWA information systems are inadequate to meet these complex information needs. In order to enable evidence-based decision-making and appropriate resource allocation in the future, substantial investment is needed in health information systems.

44. Many of the health facilities are located in old buildings, the maintenance of which has been neglected over the years because of funding constraints. Assessment of all health facilities to ensure that they meet the required functions and are efficient, safe for use, safe under seismic activities and are environmentally sound and within set standards remains an unfunded challenge.

45. While most of the refugees in camps are served with water supply and sewer networks, very little is known about the quality of water they drink and use and the adequacy of infrastructure systems. Improving the quality of the environmental infrastructure networks in camps based on WHO standards requires comprehensive assessments on adequacy of systems but remains an unfunded challenge too.

46. Due to budget constraints, UNRWA will address only the environmental issues, although recognizing the importance, as opportunity arises and when minimum expenditure is envisaged. Budgeting for general environmental concerns is addressed only through projects.

47. There are approximately 28,000 Palestine refugees living in Dar'a Camp in southern Syrian Arab Republic whose health is affected by unsanitary and unsafe living conditions. Reported cases of water-related diseases due to inadequate and leaking water and sewer systems is not uncommon in this and other camps.

D. Financial resources

48. Table 12 sets out the resource requirements by objective for human development goal 1.

Table 12
A long and healthy life
Resource requirements by objective
(Cash and in kind, thousands of United States dollars)

	2012 estimate	*2013 estimate*
Universal access to quality, comprehensive, primary health care	83 520	84 327
Sustained protection and promotion of family health	7 282	7 327
Ensured prevention and control of diseases	27 024	26 162
Total regular budget	**117 826**	**117 816**
Project budget	14 673	14 673
Total	**132 499**	**132 489**

Chapter III
Goal 2: acquired knowledge and skills

A. Human development goal

49. UNRWA attempts to situate its educational developments and priorities within the global frameworks of the Millennium Development Goals and the Education for All initiative. UNRWA provides education services to nearly 0.5 million Palestine refugee children through some 700 schools located in Jordan, Lebanon, the Gaza Strip, the Syrian Arab Republic and the West Bank. Nearly half of the Agency's schools are located within the camps.

50. In a situation where almost 41 per cent of Palestine refugees are below the age of 18 and affected by high levels of unemployment and poverty, education remains one of the surest ways to make a lasting positive socio-economic impact. Thus, in achieving the second Millennium Development Goal of universal basic education, the focus of UNRWA for the biennium 2012-2013 will be on enhancing the quality of its basic education services through a system-wide education reform. The education reform strategy is in line with the overall UNRWA sustaining change agenda, medium-term strategy and national, regional and global education for all aspirations.

51. The UNRWA education reform addresses perceptions of declining quality which have been identified through the Agency-wide monitoring and learning achievement tests. The education reform is designed to establish an enabling environment whereby schools and teachers receive appropriate, timely, professional and administrative support. This will facilitate educationally, technically and economically meaningful progress towards the achievement of quality education for Palestine refugee students in UNRWA schools.

52. Children have a right to education, one that is upheld by the General Assembly, which has encouraged the Agency, in close cooperation with other relevant United Nations entities, to continue making progress in addressing the needs and rights of children in accordance with the Convention on the Rights of the Child. Achieving universal primary education is the second Millennium Development Goal, and the international community has committed itself to work towards better quality education for all. UNRWA operates 700 elementary and preparatory schools, providing free basic education for nearly 0.5 million Palestine refugee children. Over time, the Agency's schools have acquired a reputation for low dropout rates and high academic achievement. Literacy rates among Palestine refugees compare well with those in the region, and there has been gender equity in enrolment since the 1970s.

53. Through its education system, UNRWA has the greatest potential to help Palestine refugee children to thrive, to achieve their potential and to grow up understanding their rights and respecting the rights of others. Basic education, delivered by the Agency's education programme, is therefore considered among the highest priorities of all the Agency's services to refugees. The UNRWA education programme also contributes to the strategic objective on employability.

B. Objectives

54. The objectives of goal 2 are:

(a) Universal access to and coverage of basic education;

(b) Educational quality and outcomes against set standards are enhanced;

(c) Improve access to educational opportunities for learners with special education needs.

C. Constraints and challenges

55. *School buildings and infrastructure*. More than 70 per cent of the schools are operating on double shift, and 15 per cent from rented premises with meagre resources for upkeep and enhancement of school infrastructure. UNRWA is committed to providing all its students with a complete basic education. Despite continued efforts to decrease the dropout rate, further efforts are needed, as approximately 10 per cent of boys and 5 per cent of girls in the UNRWA system do not finish the full cycle of basic education.

56. *Student achievement*. Performance in the Agency's monitoring and learning achievement tests is highest in less cognitively demanding skills and lower in more demanding skills (such as drawing inferences, applying knowledge to real world situations and performing two-step procedures). These skills are premised on the mastery of less complex thinking skills. A number of UNRWA students markedly underperform, with just under one third of grade four and grade eight students assessed for numeracy skills and scoring between zero and 30 per cent in the monitoring and learning achievement tests. In addition, in the same tests, close to two thirds of UNRWA students scored between zero and 30 per cent in eighth grade Arabic. This underscores the need for an increased focus on improving the quality of the teaching and learning process through the provision of appropriate pre- and in-service training and support to teachers.

57. *Curriculum enrichment*. UNRWA utilizes host country curriculum in each of its five fields of operation. This makes the delivery of uniform quality education and mainstreaming Agency-wide policies, structures and systems that are relevant to curriculum quality particularly challenging. UNRWA enriches curricula to improve quality and to ensure that United Nations values are embedded within the curricula, notwithstanding the constraints on the capacity of the Agency's education programme managers.

58. *Quality education*. Current teacher preparation and pre-service and in-service career development programmes tend to be more conventional, and efforts will be required to adopt non-conventional strategies, which will involve a school-based teacher development programme using open distance learning methodologies.

59. *Inclusive education*. Currently there are an estimated 100,000 students in UNRWA institutions with special education needs who are not being cared for. An inclusive education vision for the Agency will assure the rights of all refugee children, regardless of gender, abilities, disabilities, impairments, health conditions and socio-economic status, to equal access to a meaningful and quality education. UNRWA is thus increasing its focus on inclusive education and is developing a

policy, shared terminology and guidelines for Agency schools on how best to support children with special education needs.

60. Many of the school facilities are deteriorated, and maintenance has been neglected over the years because of funding constraints. Assessment of the structural integrity of schools has revealed that a number of the buildings housing these schools need to be either structurally strengthened or replaced as an immediate priority; students' health and safety will otherwise be placed at risk. Funding still needs to be secured to address this issue.

61. Furthermore, assessment of all education facilities to ensure that they meet the required function and are efficient, safe for use, safe under seismic activities and are environmentally sound and within set standards remains to be an unfunded challenge. Such assessments will enable the Agency to prioritize interventions and achieve efficiencies.

D. Financial resources

62. Table 13 sets out the resource requirements by objective for human development goal 2.

Table 13
Acquire knowledge and skills
Resource requirements by objective
(Cash and in kind, thousands of United States dollars)

	2012 estimate	*2013 estimate*
Universal access and coverage of basic education	83 650	82 280
Educational quality and outcomes against set standards are enhanced	239 584	249 538
Improve access to educational opportunities for learners with special education needs	4 861	5 027
Total regular budget	**328 095**	**336 845**
Project budget	8 581	8 581
Total	**336 676**	**345 426**

Chapter IV
Goal 3: a decent standard of living

A. Human development goal

63. To live with dignity, refugees must be able to attain a decent standard of living; a safe place to live; sufficient quantities of food; and the opportunity to learn skills that will lead to work. Essentially, refugees must be given the opportunity to escape poverty. The right to a decent standard of living — through adequate shelter, food and work — are set out in human rights agreements and reinforced in the first Millennium Development Goal, to "eradicate extreme poverty and hunger", that includes targets to achieve productive employment and decent work. The United Nations is also committed to building inclusive financial services for the poor.

64. The Agency's interventions in support of this goal require an integrated response from its Relief and Social Services programme, microfinance programme, education programme, and camp improvement and infrastructure programme.

65. There has been a demographic shift in the refugee population, with more than 25 per cent between the ages of 15 and 24. In many ways the realization of the future hopes, aspirations and identity of Palestine refugees depends on the type of education and training they receive. The UNRWA technical and vocational education and training programme aims to provide Palestine refugees with alternative educational opportunities.

66. There are around 7,000 regular students enrolled in various programmes in the 10 UNRWA vocational training centres. In addition, there are various specific initiatives in the fields catering to short-term courses for youth and school dropouts providing them with employable skills and training.

67. The Agency has developed its technical courses to be more market-oriented, skill-based and is addressing possibilities of income generation placing more emphasis on entrepreneurial and life skills in the school and technical and vocational education and training curricula. The new competency-based training approach introduces new categories of training that focus on the development of skills identified by employers themselves, creating a skilled labour force and establishing a technical and vocational education and training programme that is more responsive to the demands of local and regional labour markets.

68. UNRWA also provides professional career guidance and placement services for graduates within its field offices.

69. UNRWA will prioritize shelter improvements for vulnerable refugees and will pursue a holistic and participatory approach to camp improvement that reflects the social as well as the physical aspects of the built environment.

B. Objectives

70. The objectives of goal 3 are:

(a) Reduce poverty among the poorest Palestine refugees;

(b) Increase availability to inclusive financial services and access to credit and savings facilities;

(c) Achieve enhanced skills and improved access to employment for Palestine refugees;

(d) Sustain camp development and upgrade of substandard infrastructure and accommodation.

C. Constraints and challenges

71. UNRWA provides direct support to the poorest under its special hardship assistance to 288,405 refugees annually; has trained more than 7,000 graduates in technical and vocational skills; provided microfinance products for approximately 112,000 loans to refugees since its inception; and over time has rehabilitated around 3,235 shelters. The special hardship assistance programme's primary focus is upon the food insecure, or those who are identified as falling below the abject poverty line. Traditionally, UNRWA has dealt with poverty through its special hardship assistance programme, serving approximately 5.5 per cent of all registered Palestine refugees. In 2011, 288,405 Palestine refugees were enrolled in the special hardship assistance programme across the five fields and received food assistance on a quarterly basis. In the West Bank and the Gaza Strip, 83,000 food insecure families received additional cash assistance to bridge the poverty gap.

72. Although the special hardship assistance programme ceiling rises by 3.5 per cent annually, the programme is unable to keep pace with the increasing rates of poverty among Palestine refugees. During the current biennium, work has been undertaken in three fields of UNRWA operations to understand the numbers of food insecure refugees who are in need of assistance. The poverty line used in this work was defined as the cost of basic food needs, so if a refugee was determined to be poor, he or she is by definition food insecure. The results from this work show the number of food insecure refugees far outstrips the resources of the programme: 301,301 refugees in the Gaza Strip (27 per cent of the registered population); 170,944 refugees in the West Bank (20 per cent of the registered population); and approximately 160,000 refugees in Lebanon (two thirds of the registered refugees residing in the country); are estimated to be food insecure. In Jordan, assistance from UNRWA renders the social and economic conditions of the Palestine refugees more or less comparable with the general Jordanian population, with the exception of refugees from Gaza, who currently number around 136,000 individuals. The Department of Statistics of Jordan estimates that 13 per cent of Jordanians are living in absolute poverty (basic food and non-food needs). This translates into 253,500 Palestine refugees in Jordan who are in absolute poverty. In 2010, the Central Bureau of Statistics of the Syrian Arab Republic reported that 12 per cent of the population were food insecure. As with Jordan, the assessment for the time being is that the Palestine refugee population is more or less in the same position as the general population of the Syrian Arab Republic so it can be assumed that 57,216 Palestine refugees in the country are food insecure. The estimated total number of Palestine refugees in need of food assistance in the five fields of UNRWA is around 800,000 individuals. This is nearly three times the current ceiling of the special hardship assistance programme.

73. Increasing poverty has heightened demand for relief and social services; however, donor contributions have not kept pace with these demands. Due to domestic pressures, donor countries' budgets are stretched, and changes in food aid funding mechanisms pose a significant challenge to UNRWA to meet food requirements for the poor.

74. In the absence of emergencies, there are poor refugees who are able to exit poverty given the right educational, training and employment opportunities. While the economic situation in the West Bank and the Gaza Strip, as well as the limited opportunities for refugees to work in Lebanon, are severe limiting factors for poverty reduction, UNRWA can nevertheless make a significant impact on refugees' livelihood prospects by equipping them — through training or microfinance — and helping them to access the right opportunities to exit poverty.

75. For all refugees, but especially the most vulnerable, the Agency's work in raising the quality of refugees' shelter to acceptable standards remains vital if they are to live with the dignity that is their right. Levels of overcrowding among Palestine refugees are very high, especially in camps in the Gaza Strip, Lebanon, the Syrian Arab Republic and Jordan. In the Jordan field alone, approximately 500 shelters are in most urgent need of rehabilitation.

76. UNRWA could accommodate only 30 per cent of the applicants to the vocational training centres. Despite several efforts, the expansion of UNRWA technical and vocational education and training has been quite slow and extremely limited. The reasons have been varied, ranging from political to resource scarcity to low social perceptions and the global financial crisis. The major issues and constraints of UNRWA technical and vocational education and training include: low access and equity; funding constraints and capacity of vocational training centres; lack of a quality framework and standards for technical and vocational education and training; need for redesign of curricula and implementation mechanisms; and weak linkages with industry and labour markets.

77. Lack of General Fund and project funding will contribute to the continuation of substandard living conditions, inhabitable shelters and lack of basic infrastructure. Unless a strategic plan to improve the urban environment is funded and implemented as a priority, the economic, health, social, physical and environmental well-being of refugees will continue to deteriorate, which normally results in economic and loss of health/life, but also might lead to political unrest as well as loss of credibility on the part of the Agency with the refugees. Furthermore, emergencies (natural or man-made) result in the large-scale destruction of infrastructure and will increase the demand for repair and reconstruction. Inadequate capacity at legitimate crossings into the Gaza Strip has severely limited the Agency's ability to meet reconstruction needs and targets for the Gaza Strip and stymied economic and human development.

78. Lack of urban planning capacity in the fields will result in operational delays of the infrastructure and camp improvement programme at the field level. In the Jordan field, there were no funds raised in 2010 to rehabilitate the 500 highest priority substandard shelters, which pose an immediate risk to the safety and security of beneficiaries of the Special Hardship Assistance Programme. In Lebanon, the Agency's appeal for funding for the reconstruction of the Nahr El-Bared Camp has enabled it to make some progress and begin rehousing some of the camp residents. The appeal however, remains heavily underfunded, leaving most of the camp's 26,000 registered Palestine refugees displaced in temporary accommodation until it is rebuilt. The residents require continuous funding to support their critical humanitarian needs: food; shelter; health; and education. UNRWA is required to continue to provide emergency food assistance in the form of food parcels.

79. UNRWA Gaza has taken a two-pronged approach to the emergency in the area. While seeking to reactivate the economy through reconstruction and thus bring tens of thousands of families out of aid dependency, the basic needs of those who suffer hardship require attention and care until sustainable solutions are found. Against this backdrop, the Agency's humanitarian assistance and poverty approach is expressed most prominently through the emergency appeal. The promise of increased self-reliance and hope lies with the Gaza Recovery and Reconstruction Plan. Budgeted at $400 million over the next biennium, the plan represents pillars of stability and opportunity. Within that budget are projects to build 100 schools, rebuild shelters for more than 17,500 beneficiaries, build one health centre and fund water, sanitation and hygiene projects to upgrade the water and sewage infrastructure in the refugee camps. The lack of funding for these projects is the sole impediment to completion. The implications of not completing these projects include the continued double shifting, and eventual triple shifting, of schools, as well as the possibility that the Agency will not meet its mandate to provide universal access to education for the refugee population of the Gaza Strip. The population growth in Gaza is reflected by an annual increase of 10,000 students in the Agency's schools. Shelter reconstruction partially addresses the emergent shelter needs of the refugee community and reconstructs a number of shelters destroyed during the conflict with Israel.

80. Lack of comprehensive information on the number of substandard shelters across the fields is envisaged to be one of the main challenges for the Agency. A rapid assessment survey in all camps would provide a reliable database to prioritize shelter rehabilitation interventions that are required.

D. Financial resources

81. Table 14 sets out the resource requirements by objective for human development goal 3.

Table 14
A decent standard of living
Resource requirements by objective
(Cash and in kind, thousands of United States dollars)

	2012 estimate	*2013 estimate*
Reduced poverty among the poorest Palestinian refugees	58 035	61 426
Inclusive financial services and increased access to credit and savings facilities[a]		
Enhanced skills and improved access to employment for Palestinian refugees	21 041	20 880
Sustained camp development and upgraded substandard infrastructure and accommodation	3 813	3 770
Total regular budget	**82 889**	**86 076**
Project budget	**302 288**	**365 673**
Total	**385 177**	**351 749**

[a] Excludes Microfinance Department budget self-sustained through interest income on loan distributions. The total Microfinance Department budget for the biennium 2012-2013 is $25.8 million, of which $25.7 million relates to this goal.

Chapter V

Goal 4: human rights enjoyed to the fullest

A. Human development goal

82. Just and equitable human development requires respect for human rights. Protection is a cross-cutting theme for the Agency, meaning that protection issues will be taken into consideration in all programming.

B. Objectives

83. The objectives of goal 2 are:

(a) Rights of Palestine refugees are safeguarded and advanced;

(b) Strengthened capacity of refugees to formulate and implement sustainable social services in their communities;

(c) Registration and eligibility of Palestine refugees for UNRWA services are in accordance with relevant international standards.

C. Constraints and challenges

84. The Agency's protection work has internal and external dimensions. Internally, UNRWA promotes protection through programming and service delivery. Externally, it engages in monitoring and reporting of refugee conditions and undertakes appropriate interventions, and the Commissioner-General highlights the need for a just and durable solution to the conflict that respects the right of the refugees.

85. The provision of essential services by UNRWA and ensuring access to them under varying circumstances, including armed conflict, is integral to the enjoyment of rights of the refugees. Direct and indirect engagement with other actors helps create and consolidate an environment and practices in which rights are respected. These rights include economic and social rights associated with the core areas of service delivery of UNRWA, such as education, as well as civil and political rights, such as the right to life. In addition, as a major provider of public services, UNRWA seeks to ensure that the manner in which it provides them ensures respect for the rights, dignity and safety of its beneficiaries. It does this by, for example, mainstreaming minimum protection standards in all programmes across all fields, acting to eliminate violence in schools, taking steps to prevent gender-based violence and abuse of children, and promoting knowledge of individual rights through a long-term human rights and tolerance programming in its schools. Monitoring and reporting mechanisms help in the effective implementation of these protection activities.

86. In 2010-2011, the Agency programme focused its efforts on ensuring that quality social services were being provided by refugees in their communities. This was done through the development and promulgation of a variety of tools for staff and refugee-run community-based organizations.

87. The first of these tools, a capacity assessment toolkit, takes a comprehensive look at community-based organizations as civil society organizations and measures

their ability to provide quality service and financial sustainability. Administered in partnership with the organizations, progress is tracked on an annual basis. Other tools focused on specific services offered by the community-based organizations, such as the microlending programme, ensuring that internal control policies and procedures are in place as well as exploring the social impact the small loans have on those who take small loans.

88. The main challenge for the social services programme and its work with community-based organizations is the organizations' outreach to refugees in the community who may be more vulnerable than others and in need of social services but for a variety of reasons are unable to access the assistance.

89. As part of the Agency's desire to improve service delivery to Palestine refugees, the Agency developed a new online web-based Refugee Registration Information System to replace the outdated Field Registration System. The new system enhances the integrity of refugee data and facilitates collection of new information being gathered about refugees and its analysis, thereby improving the Agency's ability to better formulate policy and programming.

90. In addition, more efficient and dignified registration services are being provided to refugees through new family registration cards issued in the UNRWA fields of operation. This has eliminated the previous reliance upon headquarters to print these cards and significantly reduced the three-month time frame in which registration cards were previously issued. The capacity-building and professional development of staff remains important in this regard, and is in turn affected by chronic resource constraints.

91. Due to the fact all registered Palestine refugees, now numbering nearly 5 million persons, rely upon eligibility and registration services, more staff are required to ensure that registration services are carried out in accordance with relevant international standards.

92. The Agency's ability to achieve its objectives relies on a range of factors outside its direct control, including the facilitation of host and other governments in the region. The political context in the region poses a significant challenge to fulfilment of this human development goal.

93. Included under projects are provisions for the UNRWA Summer Games, which is the largest organized recreational activity available to refugee children in the Gaza Strip. The games provide a safe and creative space for refugee children, away from conditions of poverty and overcrowding that prevail in the Gaza Strip. Equally, they provide an opportunity for children to engage in activities that complement the UNRWA education programme, enhancing the acquisition of skills that enable them to become productive members of society. There is no equivalent activity in the Gaza Strip; none of the other major summer recreational camps feature such diverse activities in a setting free from politics. Should this programme not be funded, the space and range of activities available to the refugee children of the Gaza Strip, including one which helps them reach their potential as students and achieve a decent standard of living, will be curtailed.

D. Financial resources

94. Table 15 sets out the resource requirements by objective for human development goal 4.

Table 15
Human rights enjoyed to the fullest
Resource requirements by objective
(Cash and in kind, thousands of United States dollars)

	2012 estimate	*2013 estimate*
Rights of Palestine refugees are safeguarded and advanced	17	17
Strengthened capacity of refugees to formulate and implement sustainable social services in their communities	1 425	1 224
Registration and eligibility of Palestine refugees for UNRWA services are in accordance with relevant international standards	2 278	2 279
Total regular budget	**3 720**	**3 520**
Project budget	**12 765**	**12 765**
Grand total	**16 485**	**16 285**

Chapter VI

Goal 5: effective and efficient governance and support in the United Nations Relief and Works Agency for Palestine Refugees in the Near East

A. Goal

95. The goal of effective and efficient governance and support in UNRWA is to promote and sustain the best possible standards of management, enhance stakeholder relations and enable the delivery of quality programmes that help achieve the human development of the Palestine refugees.

96. This goal is achieved by the following Headquarters Departments and the corresponding units in the field offices:

(a) Commissioner-General's Office;

(b) Administrative Services Department;

(c) Human Resources Department;

(d) Finance Department;

(e) Department of Legal Affairs;

(f) Department of Internal Oversight Services;

(g) External Relations and Communications Department.

B. Objectives

97. The objectives of goal 5 are:

(a) To provide leadership, strengthen governance and mobilize additional resources;

(b) To develop and sustain UNRWA, enabling it to carry out its mandate.

C. Constraints and challenges

98. During the biennium, UNRWA will continue to build on the results of its organizational development reform of the support departments and move forward with planning and implementation of its "sustaining change" programme reforms. While management support reforms, such as staff development and introduction of an enterprise resource planning system remain priorities, the strengthening of the core services of UNRWA — and its resource mobilization capacity — lie at the heart of the "sustaining change" reforms. Attracting and retaining qualified staff and investing in their development will continue to be important to the success of the reforms.

99. Several internal studies have concluded that the only alternative that the Agency has to mitigate risk is to develop and implement a new enterprise resource planning system. The current enterprise system has become obsolete. The introduction of an enterprise resource planning system depends entirely on the

availability of sufficient funding, as reflected in the estimated annual project budget. The lack of funds is an overwhelming constraint, as UNRWA cannot proceed with the acquisition of the required software licences to start the implementation, nor can it begin contractual negotiations with prospective system integrators for the project. If the project is not fully funded for the biennium, this constraint will prevent the initiation of the new enterprise resource planning system.

100. The continuing financial pressures facing UNRWA affect governance capacity, with implications for the Agency as a whole. Due to the global economic downturn, economic forecasts for 2012 are of particular concern. Large funding gaps will pose a severe challenge to both support and programme services. Mobilizing sufficient resources to sustain reforms and achieve greater efficiencies is a priority.

101. In the light of ongoing reforms and political developments in the region, the expectations of stakeholders, including donors and beneficiaries, are high and growing. As UNRWA seeks to meet these expectations, it notes that reforming public services is a complex task that does not yield results quickly. The task is complicated further by conditions of protracted conflict and growing instability in the Agency's areas of operations.

102. To move the sustaining change reform process forward, it is necessary to strengthen further the culture of transparency and accountability. Engendering reform support from a large number of staff, both international and area staff, requires the buy-in of all managers, combined with training, coaching and the reform of key management systems.

D. Financial resources

103. Table 16 sets out the resource requirements by objective for human development goal 5.

Table 16
Effective and efficient governance and support in UNRWA
Resource requirements by objective
(Cash and in kind, thousands of United States dollars)

	2012 estimate	*2013 estimate*
Provide leadership, strengthen governance and foster partnerships	28 703	28 842
Develop and sustain UNRWA, enabling it to carry out its mandate[a]	61 543	55 058
Total regular budget	**90 246**	**83 900**
Project budget	**20 623**	**20 623**
Total	**110 869**	**104 523**

[a] Excludes Microfinance Department (MD) budget self-sustained through interest income on loan distributions. The total MD budget for the biennium 2012-2013 is $25.8 million, of which $117,000 ($57,000 for 2012 and $60,000 for 2013) relates to this goal.

Chapter VII
Recommendations of the United Nations Board of Auditors: status of implementation

104. Table 17 illustrates the current status of 61 recommendations made by the United Nations Board of Auditors in its report for the biennium 2008-2009. As at 31 March 2011, 30 recommendations had been implemented, 25 were under implementation, 4 were yet to be implemented, and 2 recommendations had been overtaken by events.

105. The management of UNRWA is committed to implementing the recommendations, some of which require additional funding, span bienniums or require strategic intervention. Most of the recommendations indicated as being under implementation are planned for the second and third quarters of 2011.

Table 17
Status of implementation of the recommendations of the Board of Auditors for the biennium ended 31 December 2009

		Implementation status			
Department/office	*Number of recommendations*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Finance	19	14	2	2	1
Gaza field office	6	2	4	—	—
Jordan field office	2	1	1	—	—
Syrian Arab Republic field office	2	1	1	—	—
Department of Administrative Support:					
Information Systems Division	10	6	3	1	—
Procurement and Logistics Division	1	—	1	—	—
Administration	1	—	1	—	—
Programme Coordination and Support	4	—	4	—	—
Department of Human Resources	6	5	1	—	—
Department of Internal Oversight Services	9	—	7	1	1
Executive Management	1	1	—	—	—
Total	**61**	**30**	**25**	**4**	**2**

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